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SUBJECT: PARAGUAY: DUARTE SCORES HUGE VICTORY IN PARTY
ELECTIONS

Classified By: Political Counselor James P. Merz. Reason: 1.4(b),(d).

Summary

¶1. (SBU) Summary. President Duarte registered a landslide victory over his chief rival, Osvaldo Dominguez Dibb (ODD) in the 2/19 Colorado Party internal elections. This bolsters Duarte's standing within the Colorado Party and reaffirms his stature as the most important political player in the country. Duarte has made it clear he sees this election as a mandate to pursue reelection, which could require disproportionate time, energy, and political maneuvering to secure opposition agreement to a Constituent Assembly. We intend to press Duarte to use this victory as a mandate to reembrace his reform agenda, on ice for some time as he has had his sights on his campaign for the Party Presidency. End Summary.

Duarte Scores Huge Victory

¶2. (U) Duarte won the 2/19 Colorado Party elections by a bigger margin than anyone predicted, including pollsters and even his own supporters. Department by Department, he consistently outperformed ODD, sometimes, by more than double the number of votes. While his victory in the interior of the country was expected, he also won in Asuncion and Central Department, places that had been considered ODD strongholds. While some in ODD's camp attribute his victory to fraud, few believe Duarte could have pulled off a victory of these proportions by virtue of fraud. Instead his team used the party's machinery and the state's finances to bring out voters to support both Duarte and his "list" in significant numbers. At the end of the day, of the 1.5 million eligible Colorado voters, 47.7 percent, or 725,000, actually voted.

¶3. (U) On the national ticket, Duarte's list won 24 seats on the Colorado Party's Executive Board, while ODD's list won 11 seats, with Alfredo "Goli" Stroessner assuming a place at the table. The list of former Senator Lilian Samaniego won a mere 2 seats and Candido Aguilera's list received one. The remaining 52 seats will be held by local candidates. It is clear Duarte's team will command an overwhelming majority.

What Does It All Mean?

¶4. (U) There is much speculation about what a victory of these proportions means. Clearly, Duarte's supporters can assert a firmer grip over the party's machinery, strengthening his own hand significantly within the Party. It reaffirms his status as the single most important political figure within the Party. Some commentators in the press are suggesting it heralds the end of "stronismo" and even "arganismo" (named after the founder of the most important faction of the Colorado Party, in which NDF got his start), and the opening of the new era of "nicanorismo." They note that imprisoned coup plotter Lino Oviedo's call for his supporter within the Colorado Party to reject Duarte fell flat.

¶5. (U) For now, Duarte continues to indicate he intends to test his claim to exercise the party presidency with the Supreme Court. Should the Court rule he cannot remain Party President, he will need to decide who will fill in behind him. His Minister for Public Works Jose Alderete still enjoys the upper hand as the first name on the Colorado Party list and a lifelong friend of Duarte.

¶6. (C) A key question is whether NDF uses this victory to cut back on his reliance on the Colorado's old school party players epitomized by Sen. Juan Carlos Galaverna. Widely perceived as an effective operator behind the scenes crafting political strategy, raising funds, and securing the deals he needs to move issues, Galaverna also enjoys a reputation as one of the country's most corrupt politicians, damaging Duarte's credentials as someone committed to turning the page on corruption in Paraguay. It remains to be seen whether Duarte will feel emboldened enough to reduce Galaverna's power or whether he will still feel beholden to Galaverna for his role in crafting a strategy that delivered Duarte a major victory, or rely on him for his reelection strategy.

¶7. (SBU) We would like to see Duarte use this victory as a mandate to reembrace a reform agenda, largely lost in the past months of campaign. In recent weeks, Duarte has made welcome sounds articulating support on key issues including money laundering legislation. We will press him to deliver when it comes time for the Senate to vote. The overarching concern, however, is that Duarte will use his victory primarily to launch a campaign to pursue an amendment to the Constitution to allow for his reelection. He needs two-thirds of both House of Congress to call a Constituent Assembly which by definition means he'll need to court votes from the opposition. Currently, the votes are not there with all of the major opposition parties insisting they are opposed to reelection. In his first remarks upon his election as Party President, Duarte left no doubt he intends to pursue reelection.

Comment: Duarte Strengthened, But To What End?

¶8. (C) The 2/19 elections represented in many ways a dress rehearsal for the 2008 Presidential elections. Duarte wanted to secure his stature as the single most important player on the political scene in Paraguay and establish a viable basis upon which to bid for his reelection. His prospects on the latter score remain long but not insurmountable by our accounting. Meanwhile, several candidates, including Vice-President Castiglioni, and Alderete, are poised to make a bid should Duarte prove unable to run. In the past, Duarte has told us that he would back Castiglioni should he not be availed the opportunity to pursue reelection. Castiglioni, however, almost disappeared from the political scene over the last several months, contributing little to Duarte's recent election victory. Opinions differ as to whether NDF was upset with his VP or merely kept him out of the fray for tactical reasons. It would also be too early to dismiss the long-term prospects of "Goli" Stroessner or Lino Oviedo, as much can happen over the course of two years to change Paraguay's electoral dynamics. In the meantime, our

objective will be to refocus Duarte on the reform agenda Paraguay so desperately needs to move toward becoming a "serious" country based on MCA principles. While the challenges facing Duarte and Paraguay remain daunting, he has strong political winds at his back.

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